

Message Text

UNCLASSIFIED

PAGE 01 DAR ES 02512 202156Z

ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 PA-02 PRS-01 AGRE-00 /094 W

-----018061 210201Z /66

R 201050Z JUN 77

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 5392

INFO AMEMBASSY NAIROBI

AMCONSUL ZANZIBAR

UNCLAS DAR ES SALAAM 2512

E.O. 11652: N/A

TAGS: EFIN, ECON, TZ

SUBJ: TANZANIA BUDGET MESSAGE 1977/78

INTRODUCTION AND SUMMARY: MINISTER FOR FINANCE AND PLANNING PRESENTED ON 16 JUNE TANGOV BUDGET PROPOSALS FOR FY 78 (JULY 1, 1977 - JUNE 30, 1978). MINISTER DESCRIBED IMPROVED STATE OF ECONOMY IN 1976 - GDP ROSE 5.2 PER CENT IN CONSTANT TERMS, AGRICULTURAL AND INDUSTRIAL PRODUCTION ADVANCED, EXPORT EARNINGS INCREASED BY 50 PER CENT, FOREIGN RESERVES CURRENTLY STAND AT THREE AND A HALF YEAR HIGH OF \$248 MILLION. AS RESULT BUDGET PROPOSAL CONTAINS NO NEW TAXES NOR HIGHER PRICES FOR CONSUMER GOODS. BUDGET EXPENDITURE ESTIMATED AT \$1,147 MILLION, A 15 PER CENT INCREASE OVER REVISED FY 77 ESTIMATES. FOREIGN AID GRANTS AND LOANS OF \$268 MILLION WILL FINANCE 55 PER CENT OF CAPITAL BUDGET. DOMESTIC DEFICIT FINANCING WILL TOTAL \$168 MILLION. END INTRODUCTION

1. HIGHLIGHTS OF THE MINISTER'S STATE OF THE ECONOMY PORTION OF THE BUDGET SPEECH FOLLOWS:

-- GDP IN CONSTANT TERMS INCREASED BY 5.2 PER CENT IN 1976 TO REACH \$1196 MILLION.

-- COMPARED TO 1975, COMMERCIAL AGRICULTURAL PRODUCTION ROSE BY UNCLASSIFIED

UNCLASSIFIED

PAGE 02 DAR ES 02512 202156Z

4.7 PER CENT, NON-CASH AGRICULTURE BY 6.2 PER CENT, AND INDUSTRIAL PRODUCTION BY 6.2 PER CENT (0.3 PER CENT IN 1975).

-- GOVERNMENT INVESTMENTS JUMPED 18 PER CENT TO \$ 124 MILLION. PUBLIC SECTOR INVESTMENT DECLINED SLIGHTLY.

-- FOREIGN EXCHANGE RESERVES WENT FROM \$136 MILLION IN DEC. 1975 TO \$178 MILLION IN DEC. 1976 TO \$248 MILLION IN JUNE 1977. (JUNE FIGURE INCLUDES RESERVE HOLDINGS OF ZANZIBAR, RECENTLY COMBINED WITH

THOSE OF MAINLAND).

-- EARNINGS FROM PUBLIC CORPORATIONS ROSE BY 13 PER CENT. NET SURPLUS WAS \$ 54 MILLION. EMPLOYMENT AND SALARIES DECLINED SLIGHTLY IN 1976.

-- COST OF LIVING INCREASED BY 14% IN 1976 COMPARED TO INCREASE OF 34% IN 1975.

-- PRODUCTION OF EXPORT EARNERS COTTON, CASHEW NUTS AND TOBACCO INCREASED WHILE THAT OF COFFEE, SISAL AND PYRETHRUM DECLINED.

-- BALANCE OF TRADE IMPROVED MARKEDLY THANKS TO HIGH PRICES FOR COFFEE, WHICH ACCOUNTED FOR 31 PER CENT OF TOTAL EXPORT EARNINGS OF \$495 MILLION. IMPORTS DECLINED BY 5 PER CENT. TRADE DEFICIT IN 1976 WAS \$158 MILLION OR LESS HALF THAT IN 1975. (ALSO SEE DAR A-17).

2. ON INTERNATIONAL SIDE MINISTER NOTED DETERIORATING RELATIONS WITH KENYA BUT CONTINUED EXCELLENT RELATIONS WITH ZAMBIA AND MOZAMBIQUE. ANTICIPATING RENEWAL OF EAST AFRICAN COMMUNITY, MINISTER SAID HE WAS BRINGING CUSTOMS AND SALES TAX MORE IN LINE WITH PARTNERS KENYA AND UGANDA.

3. MINISTER ALSO ANNOUNCED THAT:

-- NUMBER OF TAXES PREVIOUSLY COLLECTED AT NATIONAL LEVEL WOULD NOW BE COLLECTED BY REGIONS, IN LINE WITH DECENTRATION.

-- GOVERNMENT MINISTRIES WILL NO LONGER PAY CUSTOMS, EXCISE AND SALES TAXES. BUDGET EXPENDITURE PROPOSALS WILL HAVE TO BE ADJUSTED ACCORDINGLY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 DAR ES 02512 202156Z

-- DEVELOPMENT PROJECTS WILL BE REVIEWED REGULARLY AND FUNDS WILL BE SHIFTED FROM THOSE BEHIND SCHEDULE.

-- GOVERNMENT WILL SPEND \$23.3 MILLION ON MAJOR AGRICULTURAL CROPS FOR EXPORT, NAMELY COFFEE, COTTON, TOBACCO AND PYRETHRUM.

4. BUDGET DESCRIBED AS ONE OF CONSOLIDATION OF DEVELOPMENT PROCESS AND SIMPLIFICATION OF REVENUE COLLECTION. BUDGET DETAILS FOR FY 78 ARE NOT YET AVAILABLE. GOVERNMENT INTENDS REQUEST NET SUPPLEMENTAL OF \$80 MILLION FOR FY 77 BRINGING REVISED ESTIMATES OF CURRENT BUDGET OF \$995 MILLION. OUTLINE OF FY 78 BUDGET FOLLOWS:

A. EXPENDITURE: RECURRENT \$658 MILLION

CAPITAL \$489 MILLION

TOTAL \$1147 MILLION

B. REVENUE: 1. DUTIES & TAXES \$538.8

2. DOMESTIC BORROWING 168.2

3. IMF & WORLD BANK PROGRAM LOANS COMMODITY CREDITS, ETC. (CONSIDERED RECURRENT REVENUE) - 23

4. FOREIGN AID (OF WHICH \$147 MILLION IN GRANT) 268.

5. GAP (TO BE FINANCED INTERNALLY IF NOT EXPENDED) 48.5

SPAIN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET
Control Number: n/a
Copy: SINGLE
Sent Date: 20-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977DARES02512
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770220-0599
Format: TEL
From: DAR ES SALAAM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770641/aaaabjiw.tel
Line Count: 115
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:02 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:04 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0b58827a-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2099118
Secure: OPEN
Status: NATIVE
Subject: TANZANIA BUDGET MESSAGE 1977/78 INTRODUCTION AND SUMMARY: MINISTER FOR FINANCE AND PLANNING PRE- SENTED ON 16 JUNE TANGOV BUDGET PROPOSALS FOR FY 7
TAGS: EFIN, ECON, TZ
To: STATE
Type: TE
vdkgvwkey: odbcc://SAS/SAS.dbo.SAS_Docs/0b58827a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

